

BILL # SB 1550

TITLE: copper state park

SPONSOR: Flake

STATUS: As Amended by Senate NRA

PREPARED BY: Leah Ruggieri

FISCAL ANALYSIS

Description

SB 1550 requires the State Parks Board (Board) to establish a rock climbing state park ("Copper State Park") east of Kearney, Arizona subject to specified lands being conveyed to the Board, the establishment of a park access road, the transfer of a public access easement to the Board, and property modifications to be made by the Board. The bill allows the Board to charge user fees and concession fees and collect monies from other revenue generating activities, to be deposited in the State Parks Enhancement Fund. The bill also allows the Board to accept gifts and donations for acquiring, managing and operating the park, to be collected in the State Parks Fund and accounted for separately.

Estimated Impact

The development of the Copper State Park is estimated to cost the state \$6.1 million. Of this amount, \$2.2 million is for road improvements which could be financed by the General Fund or the Highway Fund. The remaining \$3.9 million of park development could be a General Fund and/or Heritage Fund cost. Development will begin in FY 2007 at the earliest and depends on Congressional action.

The annual cost of operations is expected to be approximately \$250,000 to \$350,000, depending upon visitation. The park would be financially self-sufficient if user and concession fees and donations matched or exceeded expenditures. The Board estimates that once the park is in operation, annual revenues may be close to or possibly exceed annual costs, so an estimate of on-going General Fund costs, if any, is not yet available.

Analysis

In October 2005, the State Parks Board estimated that the development of the rock climbing park would cost the state an estimated \$6.1 million. Of this amount, \$2.2 million is for road improvements. The remaining \$3.9 million would be funded through the State Parks Board for modifications to the property to allow for tent camping, water, restrooms, and hiking trails. It is unclear which funds would contribute to the development costs. The road improvements may be financed from the General Fund or Highway Fund. Park development could be a General Fund and/or Heritage Fund cost. Permanent statute allows the Heritage Fund and the State Parks Enhancement Fund to be used to acquire and develop parks. Current session law, however, requires that all monies in the Enhancement Fund be used for park operations, less an amount for a specified lease-purchase payment.

Because the development of the park is contingent upon a Congressional land exchange agreement that would transfer the area for the park to the State Parks Board, it is unknown when development would occur, though it is expected to begin in FY 2007 at the earliest.

Once the rock climbing park is developed, the Board estimates that the annual cost of operations will be approximately \$250,000 to \$350,000. The Board estimates that at least \$250,000 will be needed to employ 4 full time rangers and for other operating expenditures. Depending upon visitation, increased staffing may be needed, which would increase expenditures up to \$350,000. As a source of revenue for park operations, SB 1550 allows the Board to charge user and concession fees and collect monies from other revenue generating activities to be deposited in the State Parks Enhancement Fund. The bill also allows the Board to accept gifts and donations for costs associated with acquiring and operating the parks in the State Parks Fund.

The Board estimates that annual revenues will be fairly close to annual expenditures. Annual revenues will depend upon annual visitation and fees. The Board has not yet determined the fee structures for the parks, but expects at most 250,000 visitors annually. This number is based upon the Board's study of annual visitation at Hueco Tanks State Park outside of El Paso, which offers similar amenities, as well as a survey conducted by the Outdoor Industry Foundation on how many Arizonans climb. The Board also expects visitation from out of state visitors. If revenue generated from park fees and donations match or exceed annual expenditures, the park will become self-sufficient. The amount of future donations to the park is unknown.

Local Government Impact

The Northern Arizona University Hospitality Research and Resource Center estimates that the opening of Copper State Park could generate nearly 200 jobs, \$5 million in direct visitor spending and \$2 million in income for Gila County and Pinal County collectively. The park would impact the economies of the towns of Superior, Hayden, Kearney and Winkleman.

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